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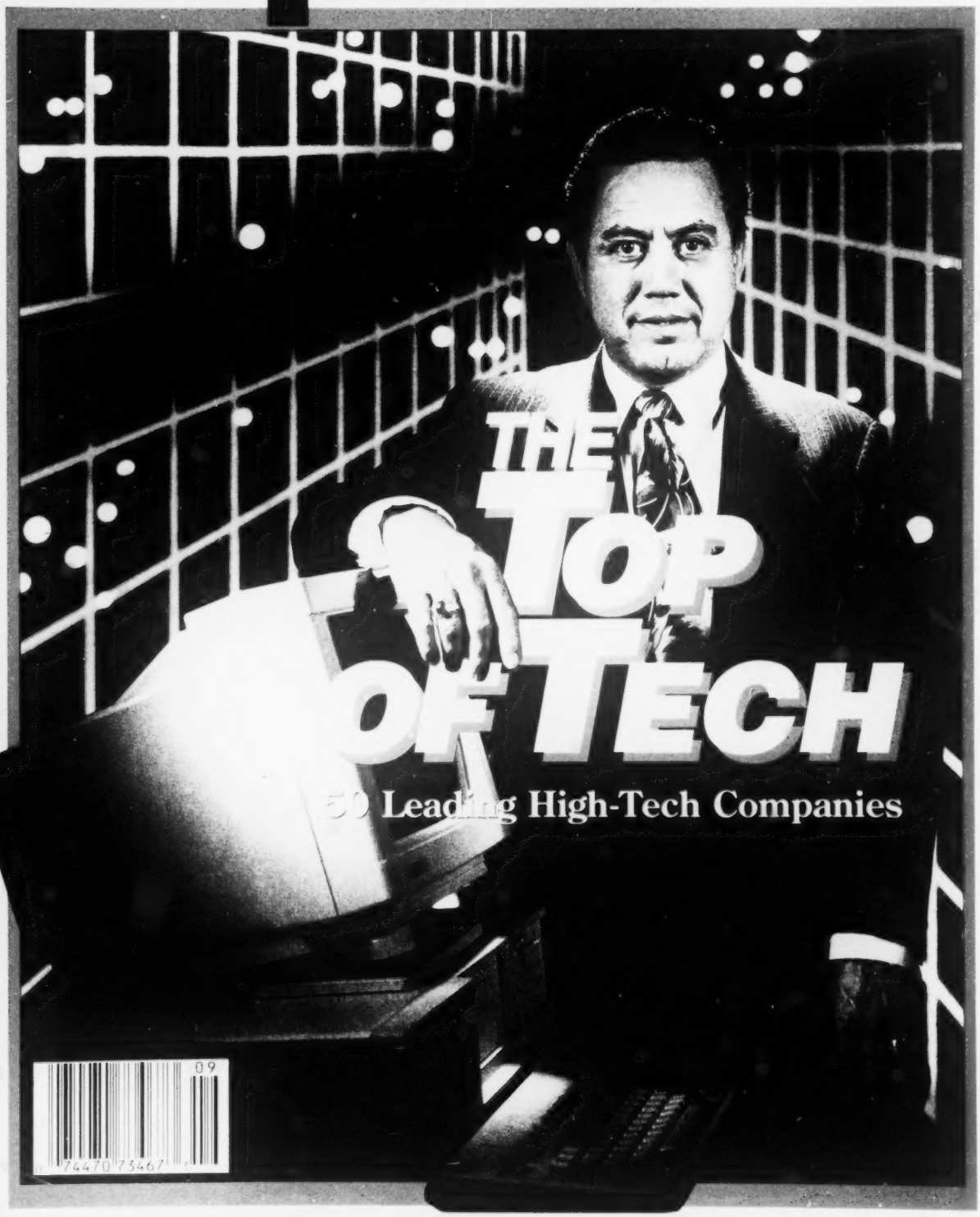

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50 Leading High-Tech Companies

Saluting Hispanic Heritage Week

Hispanic BUSINESS

September 1991 Volume 13, Number 9

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Celestino Beltran, CEO of Comprehensive Technologies Int'l. Cover design by Buffalo Brothers Studios West.

"I emphasize...self-help, as opposed to racial quotas and other race conscious legal devices that only further and deepen the original problem." — Clarence Thomas

This month the U.S. Senate will consider a momentous decision—on a replacement for the venerable Supreme Court Justice Thurgood Marshall. But in the short run, the Senate vote on whether to confirm the Administration's nominee will not be nearly as momentous as the political decision involved in selecting that nominee.

We were told on July 1 that the best candidate had been nominated. But the facts indicate otherwise. On the very same day, White House sources disclosed to Sam Fulwood III of the *Los Angeles Times* that from the beginning the emphasis in the selection process was on "nontraditional" people, and that the resulting nominee was "probably the leading candidate from the beginning."

The nominee's credentials?

His race. His views on affirmative action and perhaps abortion. And a pretty thin history of government service, mainly driven by ideological espousal. Period.

It is one of the exquisite ambiguities of this misbegotten political scheme that a man whose own career is a product of affirmative action is being set up as an instrument of the constitutional low road.

It is vital, urgent, essential, to expose our children as early as possible to a full and unvarnished discussion of how such things come to be in certain times.

Listen to the nominee's own words: "I firmly insist that the Constitution be interpreted in a color-blind fashion. Hence, I emphasize...self-help, as opposed to racial quotas and other race conscious legal devices that only further and deepen the original problem. Race conscious remedies in the society are dangerous. You can't orchestrate society along racial lines."

This from an individual who has consistently benefited from race conscious remedies and who on other occasions has also invoked "natural law" and a "higher law" to validate rank ideological views.

One can only wonder about the psychological dimension of this decidedly ahistorical world view.

The ultimate reality of this nomination is not the nominee. He is only an instrument. The core reality is the country's current political climate.

And let us not confuse the issue by labeling this as a simple contest between "conservative" and "liberal" views.

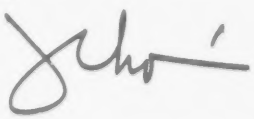
The issue is that the electorate is being baited and distracted from the fundamental realities of this country. This is tactics, positioning, realpolitik.

This nomination is the antithesis of an attempt to bind the wounds inflicted on our nation by the nightmare of racism and systemic discrimination.

Talk to the Mohawks, the Cherokees, the Sioux about color-blind justice. Talk to the Mexicans of the lower Rio Bravo about the "dangers" of race conscious remedies. Tell the teenagers giving birth to crack babies in the projects that the Constitution must be interpreted in a color-blind fashion. Talk to them about self help.

Why is it necessary to relive the hurt and strife of the past 30 years over race and equal opportunity? Just to win an election in 1992? Or are the stakes higher? Apparently they are. There is a clear and present danger that one of the major social and judicial accomplishments of this century will be undone by the new majority—that economic fear will be exploited to undo the strides that have been made at such a high cost.

While the lower courts all across this land continue to render judgements almost daily based on their findings of gross discrimination on a class basis against women, Hispanics, blacks in the workplace—in both the public and private sectors—we have the highest court in the land pursuing its political agenda.



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POLITICS

Many Groups Are Doubting Thomas

Emotions run high as Hispanic groups question judge's suitability.

By Rick Mendosa

Politics is politics. Everybody understands that. But once in a while something happens that jolts people out of their lethargy.

A recent example of the political shock factor is President Bush's July 1 nomination of African American Judge Clarence Thomas for the U.S. Supreme Court, to replace retiring Justice Thurgood Marshall. America's minority communities are divided and ambivalent on the question of whether to elevate a person who is both a minority group member and a conservative with a civil rights record that is unpalatable to many. As head of the Equal Employment Opportunity Commission (EEOC) between 1982 and 1990, Mr. Thomas became known for his hostility to affirmative action.

Adding bitterness to the debate is a feeling in some quarters that this division among minority groups is just what President Bush intended.

While 54 percent of the African Americans polled by *USA Today* approved of the Thomas nomination, the Congressional Black Caucus voted 18 to one to oppose it. One African American organization known for its liberal views—the Urban League—had not commented as this magazine went to press, and another—the NAACP—came out against the nomination.

In language evidencing the wrenching nature of their decision, the NAACP's board of directors announced that "While we appreciate the fact that Judge Thomas came up in the school of hard knocks and pulled himself up by his own bootstraps—as many other black Americans have, our concern is for the millions of blacks who have no access to bootstraps—theirs or others'...Diversity on the Supreme Court is absolutely essential...It is, therefore, with regret that we are compelled to oppose the confirmation of Judge Thomas."

As the announcement further pointed out, the NAACP had "called for Judge Thomas's resignation" during his second term as head of the EEOC because of his stand on affirmative action.

The Hispanic community is equally torn. Many leading figures in influential Hispanic organizations privately voice their antipathy to the nomination. But most of these organizations have been slow to take formal positions, possibly reducing the influence their views will have on the outcome. Senate Judiciary Committee hearings on the Thomas nomination are scheduled for this month.

MALDEF President Antonia Hernandez has "grave concerns" about the qualifications, philosophy, and point of view Judge Thomas will bring to the Supreme Court.

Many individuals may feel—as does Judge Ben Aranda of California, chair of the Hispanic National Bar Association's judiciary committee—that it's a "no-win situation where there are no advantageous positions either way."

At press time, the National Association of Latino Elected and Appointed Officials (NALEO) was still studying Judge Thomas's record, according to its National Director Dr. Harry Pachon. NALEO is particularly concerned about the EEOC's handling of national origin cases when Judge Thomas headed the agency.

Dr. Robert Brischetto, executive director of the Southwest Voter Research Institute in San Antonio, also offered no reaction. Neither did Dr. Arturo Madrid, president of the Tomas Rivera Center at California's Claremont Graduate School.

The leading Hispanic organizations concerned with civil rights have remained mum too, although some appear to be leaning toward formal statements opposing the nomination.

The Mexican American Legal Defense and Educational Fund (MALDEF), a national nonprofit organization based in Los Angeles, is likely to take a position early this month, says MALDEF chair Frank Quevedo, who is director of corporate relations for Hunt-Wesson Inc. in Fullerton, California.

MALDEF had recommended to President Bush eight potential replacements for Justice Marshall in June, before the Thomas nomination. Four of MALDEF's candidates for the Supreme Court were Hispanic. They include Fred Alvarez, who served as a commissioner of the EEOC between 1984 and 1987, overlapping with Judge Thomas's tenure there. Mr. Alvarez is currently a partner in Pillsbury, Madison & Sutro, a major law firm in San Francisco. The other three are Edward Prado, a U.S. District Court Judge in San Antonio; Cruz Reynoso, a former justice of the California Supreme Court and currently a UCLA law professor; and Miguel Mendez, a law

Chamber Backs Thomas on EEOC Record...

The one Hispanic organization that supports Judge Thomas's nomination justified its decision based in part on a positive assessment of his performance as head of the EEOC.

The board of directors of the U.S. Hispanic Chamber of Commerce (USHCC) voted unanimously to support the nomination, says USHCC President Jose Nino. "We value hard work, discipline, moral courage, self-reliance, and entrepreneurship," he states. "For all these reasons, we support Thomas's nomination.

"Indeed, he typifies the socially and economically disadvantaged 'American dreamer' who suffered and overcame social discrimination and economic prejudice through his strong belief in traditional American values: courage, commitment, and hard work.

"Although the USHCC has not dealt with the EEOC," Mr. Nino continues, "it is our understanding that Judge Thomas has revitalized the agency and has established important legal protection for Hispanics."

Gabriel Aguirre, chairman of the USHCC, adds that "It is sad that partisanship prevents interest groups from being intellectually honest and recognizing that Judge Thomas has become a role model for all Americans and minority youth in particular."

professor at Stanford Law School.

None of these four MALDEF nominees was among the names of possible candidates floated in the press before President Bush finally settled on Judge Thomas. The Hispanic possibles included Jose Cabranes, a judge on the United States Court of Appeals for the Second Circuit in New Haven, Connecticut; Ferdinand Fernandez, a judge on the United States Court of Appeals for the Ninth Circuit in Los Angeles; Emilio Garza, a judge on the United States Court of Appeals for the Fifth Circuit in San Antonio; and Ricardo Hinojosa, a federal trial court judge for the Fifth Circuit.

Judge Garza, who met with Counsel to the President C. Boyden Gray and Attorney General Richard Thornburgh before Judge Thomas did, apparently was the Hispanic under most active consideration.

...But La Raza Blasts EEOC Record for Hispanics Under Thomas

Much of the record that the Senate Judiciary Committee will scrutinize in Judge Thomas's upcoming confirmation hearing was established between May 1982 and March 1990, when he chaired the EEOC. While he subsequently served as a federal appellate judge in Washington, D.C., his tenure there was so recent and so brief that he has no published legal opinions.

But with fortuitous timing, the National Council of La Raza completed a summary report on the EEOC in July, entitled "The Empty Promise: Civil Rights Enforcement and Hispanics." This summary focuses on the workings of the Commission since 1983, when an earlier La Raza study on the EEOC appeared. The period of the new study coincides almost exactly with the years that Judge Thomas headed the agency.

La Raza's summary report figured prominently in recent White House discussions with representatives of leading Hispanic bar groups. "We raised the summary as an issue during the meetings," says Delores Atencio, president-elect of the Hispanic National Bar Association. "I don't think anybody can read that summary without feeling that the situation at the EEOC is alarming."

La Raza's analysis highlights a relative decrease in the EEOC's service to the Hispanic community during Judge Thomas's years there. Between 1985 and 1990, charges alleging discrimination based on Hispanic national origin comprised only about 4 percent of all the discrimination cases the Commission chose to review. And when the EEOC went to court on behalf of Hispanics, the Hispanic plaintiffs got smaller monetary awards than other groups.

The summary concludes that the "EEOC is engaging in differential treatment of Hispanics in its charge receipt and disposition system."

But "to lay the whole Hispanic plight on Chairman Thomas is neither fair nor honest," declares EEOC Commissioner Tony Gallegos, "because [the EEOC's record] never has been good, and isn't good to this day."

To be fair, La Raza's President Raul Yzaguirre comments, "We are trying to figure out how much of the agency's continued pattern of neglect is attributable to Clarence Thomas and how much was simply bureaucratic inertia. That will be a factor in our judgement of whether to support him or not."

Nevertheless, Mr. Yzaguirre adds, Judge Thomas did have eight years to correct the deplorable state of the EEOC. "With the enormous control of employee resources and ability to adjust priorities [he had], he has to have a large measure of responsibility for the situation."

EEOC Charge Caseload By Basis of Discrimination

FY 1985 - FY 1990

Basis	No. of Charges Tried	Percent of Total
Black	261,123	31.65%
Gender/Female	177,294	21.49
Age	148,063	17.94
Hispanic	34,305	4.15
White	20,377	2.47
Religion	13,009	1.58
Other	170,957	20.72
TOTAL	**825,129**	**100.00%**

Source: National Council of La Raza, "The Empty Promise: Civil Rights Enforcement and Hispanics," July 1991, based on NCLR analysis of EEOC data.

At this point, says MALDEF President and General Counsel Antonia Hernandez, her group has "grave concerns" about the qualifications, philosophy, and point of view that Judge Thomas will bring to the Supreme Court if he is confirmed. "The issue is how he interprets the Constitution in the area of eradicating discrimination," she says. "Does he value the rights of the individual above the common good?" While Judge Thomas has opposed affirmative action goals and timetables, he has indicated he favors remedies for individual victims of bias in the workplace.

Further, Ms. Hernandez asks, "Does he come with a preconceived agenda that he is going to impose regardless of the law? When you couple that concern with what he has said and done and his limited experience in the courts, it raises the ques-

tion of what his views are based on," she says. "He has not shown sympathy for the less fortunate. So we wonder what is his foundation for ruling on issues that impact the lives of the Hispanic community." When MALDEF makes a decision on whether to support Judge Thomas it will be based on these factors, she says.

Regarding the benefits of keeping a minority group member on the bench, she expresses disgust that this should be the dilemma. "It's as if recent presidents viewed [Justice Marshall's] solitary presence as a ceiling—a quota in the true sense of that word—on the nomination of additional persons of color to the high court!"

"Judge Thomas is not an appropriate choice for the vacancy" on the U.S. Supreme Court following the retirement of Justice Thurgood Marshall, says Robert Ruiz, who is president of the Hispanic National Bar Association.

MALDEF's immediate past chair, Frank Herrera Jr. of Herrera, Vega & Rocha in San Antonio, says that personally he is twice disappointed with the nomination. He would have liked to see a Hispanic nominated, but felt the selection of "a person of Judge Thomas's calibre" was a positive "insult."

Mr. Herrera's concern with Judge Thomas stems from the candidate's "lack of sympathy to minority issues, such as affirmative action and civil rights." While Judge Thomas subscribes to the philosophy that "one becomes a successful minority by bootstrapping oneself, nothing could be further from the truth," Mr. Herrera continues. "In fact, if anything he is a prime example of how all of us stand on someone else's shoulders. But for the civil rights movement of the '60s he would not be where is he now, and he refuses to acknowledge that."

Also disappointed with the nomination of Judge Thomas and the President's failure to select a Hispanic is Raul Yzaguirre, president of the National Council of La Raza in Washington. His organization had not yet taken a position on the nomination at press time but, says Mr. Yzaguirre, this "raises an awful lot of issues and we are going to look at them." Furthermore, he notes, "the message we're getting is that this nation still has no qualified Hispanics after 215 years of existence."

While the Hispanic National Bar Association (HNBA) had not taken a formal position on the nomination either, President Robert Ruiz says "you can be assured that we will not be supportive of [Judge Thomas]. He is not an appropriate choice for the vacancy, because of his civil rights record, which includes affirmative action. And he has a conservative interpretation of constitutional principles that should be more broadly applied, particularly to minorities."

Also still waiting to take a position was the Mexican American Bar Association of Los Angeles County. President Raul Ayala says it is possible they will take no position. When we spoke with him, he had just returned from a White House meeting with Chief of Staff John Sununu and other Administration officials "to get our reactions to the Thomas nomination and for us to discuss additional appointments to the federal bench." Mr. Ayala was part of a group of Hispanic legal leaders including MALDEF's suggested candidate Mr. Alvarez and members of the HNBA and Cuban-American Bar Association.

Perhaps the most notable abstention on the nomination is the Congressional Hispanic Caucus. Unlike the Black Caucus, which announced its views swiftly and forcefully, the Hispanic Caucus has been silent.

But observers do not expect it to come out in support of Judge Thomas. Congressman Solomon P. Ortiz, chair of the Caucus, noted "my black brothers feel [Judge Thomas] is not qualified, has not been in office long enough, and will be a hinderance to the advancement of blacks, because of his thinking on quotas." Mr. Ortiz also remarked that "we have a close relationship with the Black Caucus and we are not going to do anything to antagonize the mutual understanding that we have between these two minority groups."

> "If anything he is a prime example of how all of us stand on someone else's shoulders."
>
> Frank Herrera Jr.
> Immediate Past Chair, MALDEF

While many groups have been hesitant to take a stand, the California La Raza Lawyers Association came out in firm opposition and issued a press release calling the nomination "shameful." Tony Nevarez, association president, calls it "ironic that someone who has benefited so much from affirmative action is so adamantly opposed to it."

Another man who doesn't mince words about his opposition to the nomination is

> "To be against affirmative action in the '90s is to misunderstand the nature and effect of racism."
>
> Miguel Mendez
> Professor, Stanford Law School

Jose Angel Gutierrez, executive director of the Greater Texas Legal Foundation. "His total record is appalling. It's beyond me how he can turn his back on his background, his family, and his life experience!" Mr. Gutierrez exclaims.

Also opposing the nomination is the League of United Latin American Citizens (LULAC). "The Administration, in reaching out to a minority group member, reached out to one who in our view is not a qualified candidate," says LULAC spokesperson Oscar Moran in explaining his organization's unanimous opposition.

Individual Hispanic law professors, attorneys, and judges also have strong views about the Thomas nomination. Michael Olivas, a professor at the University of Houston Law Center, maintains that Judge Thomas's views on affirmative action "are clearly indefensible, and this is a man who was in a position to know, not only because he is black, but because he was ostensibly the enforcement official for it and did such a miserable job at that time."

Furthermore, Mr. Olivas says, "I hope you particularly emphasize that it was a cynical exercise to float the names of a few Hispanics to suggest thoughtfulness in a process where there was none. Those names did not surface when [Judge David] Souter was considered. Why should they surface only when a black is being considered?"

Another law professor, Miguel Mendez (one of the eight people MALDEF had suggested to replace Justice Marshall), says he's conflicted on the Thomas nomination. On the one hand, he says, the Hispanic people favorably receive Judge Thomas's emphasis on self help, although the idea that anyone could be self made is "simplistic." On the other hand, "to be against affirmative action in the '90s is to misunderstand the nature and effect of racism. We are not playing on a level field, and affirmative action is one of the ways to make it more level."

Mr. Mendez's conclusion is that the forthcoming hearings should produce information that will make it easier for people to take a stand. "But what we know now is that he is no Thurgood Marshall."

Judge Carlos Ynostroza of the Oakland-Piedmont-Emeryville Municipal Court also recommends that we focus our attention on the hearings themselves. Judge Ynostroza, a former president of the California La Raza Lawyers Association, while questioning Judge Thomas's commitment to civil rights, is most interested in the nomination process itself. The big question as he sees it is whether this time the Senate will be able to "open the clamshell" to peer into the mind of the nominee, which opened wide during the grilling of Judge Robert Bork but remained firmly shut in the case of Judge Souter.

Congressional Hispanic Caucus Chair Solomon P. Ortiz says "we are realistic enough to understand that whoever the President nominates would have to be conservative."

One Hispanic attorney who knows the mind of the current nominee as well as anyone is Fred Alvarez, another of MALDEF's suggested candidates for the position. As an EEOC commissioner from 1984 to 1987, Mr. Alvarez had worked closely with Mr. Thomas. In fact, MALDEF's Mr. Quevedo calls Mr. Alvarez "the architect of a number of the policy decisions that came out during Mr. Thomas's tenure" at the EEOC.

Mr. Alvarez says he considers Mr. Thomas a personal friend and is pleased that President Bush chose to nominate him. "Even though he is more conservative than I am," Mr. Alvarez says, "he will bring to the court the perspective of someone who for his entire life has been the victim of discrimination."

When I was at the EEOC," Mr. Alvarez continues, "even though we disagreed about policies like affirmative action, goals, and timetables, he was totally supportive of the law enforcement mechanisms that I was proposing the Commission adopt. His view was that if you were a victim of discrimination, the government ought to take no prisoners on your behalf, but if you were not, then the government shouldn't do anything. He felt that if you relied on class based remedies and goals and timetables you were getting remedies for people who haven't been victims."

Another jurist who remains sanguine in the face of the Thomas nomination is John Arguelles, a former justice of the California Supreme Court, who points out that because Judge Thomas is only 43, "he could be a dominant force for the next three or four decades. At this stage I would favor the nomination. I like it that he speaks out on self sufficiency."

Yet even the various supporters of Judge Thomas, such as Justice Arguelles, admit they are disappointed that the President failed to nominate one of the four Hispanic federal circuit judges who were supposedly under consideration.

While Mr. Alvarez feels optimistic that "our time will come," others who are a little less resigned to the Bush timetable are beginning to wonder if it will be in this millennium.

THE 1991 HIGH-TECH DIRECTORY

High-Tech Leaders Call For Industrial Policy

CEO Nicholas Innerbichler demonstrates the portable test set TAMSCO makes for the Navy under the Mark 598 program.

It's the American passion for gunslinging that has always driven our high-tech industry, says CEO Tom Velez. "America takes very bright people and leverages off their innovations, especially in the computer industry."

But it's that old rugged individualism that also shoots us down when it comes to excellence in manufacturing, says Dr. Velez. That's where the Japanese, with their hive mentality, gain the lead. They have become experts in high-quality, low-cost manufacturing, and in motivating big work forces toward common goals.

Dr. Velez is CEO of CTA Inc. in Rockville, Maryland—an aerospace technology firm that heads the annual HISPANIC BUSINESS listing of top high-tech companies for the fifth year in a row.

Our data on the revenues of these 50 top companies indicate they've never been healthier, with total revenues of $896 million in 1990 and growth of 24 percent since 1989. But they are well aware that a lot of the country's bigger technology-driven corporations are suffering—corporations they themselves may supply.

In fact the high-tech CEOs we've interviewed tell us they have grave concerns about America's high-tech future. "We are headed toward becoming a second rate nation," Dr. Velez comments, citing a recent two-year study of 94 critical technologies done by the Council on Competitiveness. That group of experts in business, labor, and academia reports we're sinking in many of the 94 c[illegible]tical areas, and haven't been improving in any of them.

The areas where we're strong, the Council says, spring from basic research, are heavily supported by private sector R&D money, and "can be initiated largely by individual innovation." The areas where we're losing badly—or have lost—are characterized

Dr. Tom Velez, CEO of CTA Incorporated, proudly shows off a circuit board for the National Oceanic and Atmospheric Administration.

by "high capital costs, fragmentation, and underemphasis on manufacturing." The Council concludes this is because the United States, unlike our Pacific Rim and European competitors, doesn't have a policy of government support for crucial high-tech businesses.

Also, "The Japanese are protected in their country, but we are not protected in our country. They're coming in and eating our lunch," as Rick Monstein puts it. Mr. Monstein and his wife Marline own RAM Enterprises, an aerospace and telecommunications electronics company headquartered in Valencia, California.

"We should judiciously close the door" to other countries "and give our industries a chance to catch up," agrees Jack Villodas, CEO of International Creative Data Industries Inc. (ICDI)—a high-tech communications equipment company in Bethel, Connecticut.

The Bush Administration, meanwhile, is moving in fits and starts, amidst raging debate, toward increased funding to crucial high-tech areas. Earlier this year the White House Office of Science and Technology Policy placed its imprimatur on a list of 22 technologies it considers critical to prosperity and national security. The report came in response to a provision in the Defense Authorization Act of 1991, which was pushed by New Mexico Senator Jeff Bingaman.

Although the Administration has in the past blocked efforts to single out technologies for special favor, taking a stance against "industrial policy," it is starting to back proposals for government investment in technologies that are deemed "pre-competitive" and "generic," even where the investment will benefit specific industries. Clear winners—with appropriations included in the proposed federal budget—are a supercomputer network, high-speed trains, and electric vehicles. Losing technologies so far include high-definition television and x-ray lithography.

Even if the federal government doesn't help high-tech businesses, it should at least get out of the way, says Dr. Velez: "Technological growth is dependent on having technology sales, so I look at the markets." And when this CEO looks, he sees many outmoded regulations limiting export of American technology.

"One of my concerns is about rules for the export of technology," he says. "For example, I recently went to Brazil, where I talked to some members of their space agency. They told me that NEC [from Japan] and Cray [an American company] had been in competition to sell the Brazilian government a large supercomputer. But because supercomputers are on a special list of things we can't sell abroad, NEC got the contract. When we were the only nation in the world with supercomputers, that rule was probably wise. But today it's crazy for us not to be selling to Brazil."

Another area of concern that hits especially close to home for Dr. Velez is the commercialization of space, since his company is a player in the small satellite business.

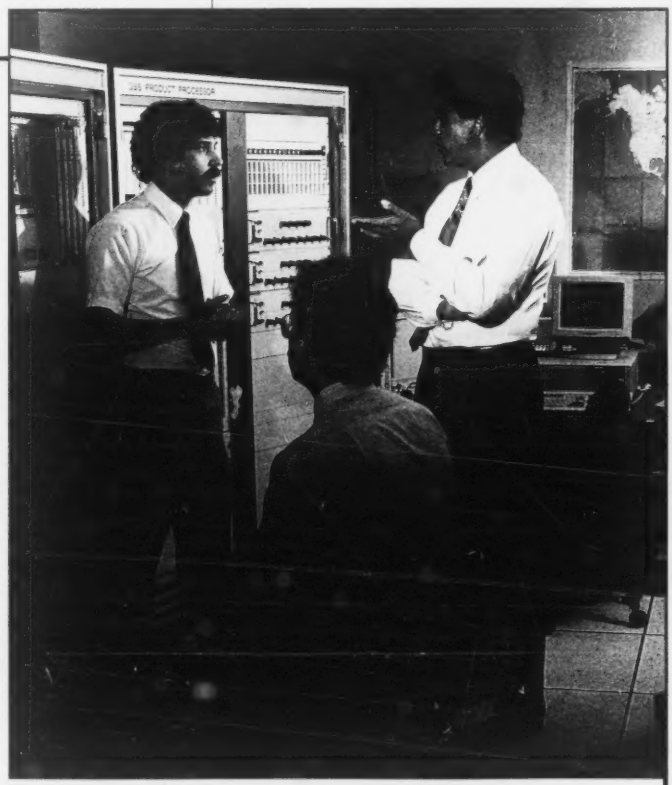
"The government has a regulation that if you want to put a satellite into space you have to get a license

THE 1991 HIGH-TECH DIRECTORY

from the Department of Commerce," he says. "Back when the U.S. government was the only entity that could build a satellite, that was a fine policy. But today's reality is that many companies in Europe and Japan are building rockets and satellites—even the Russians are beginning to sell them. We have to revisit those policies enacted in the early '60s and '70s. Now they are inhibiting the entry of U.S. companies into the international arena where our competitors have access."

Many high-tech company CEOs also say they'd like to see improvements in Small Business Administration (SBA) policies and procedures. "The SBA needs to revise its size standards for 8(a) set-aside status upward to accommodate the development of high-tech and small business concerns," says Nicholas Innerbichler, chair of the Latin American Management Association (LAMA) and CEO of Technical and Management Services Corp. (TAMSCO), an electronics and telecommunications component maker in Calverton, Maryland.

The problem, Mr. Innerbichler explains, is that "the minute you go over the size standards, which were set back in the early 1970s, you have to compete with companies like TRW, Hughes, and other giants. Inflation alone should have driven those numbers up." The size standards vary from industry to



Dr. Tom Velez (right) discusses a high-tech program with two CTA International engineers at the company's Rockville, Maryland headquarters.

Photo by Greg Pease

The Number 1 Hispanic High-Tech Company: CTA

America's biggest Hispanic-owned high-tech firm is aerospace/defense systems developer CTA Incorporated. CTA began in the legendary garage 12 years ago with just two employees. The garage was in Denver. Today they have more than 900 employees located in 14 sites across the nation and are headquartered in Rockville, Maryland—close to Washington, D.C.

The leading edge nature of high-tech work means it's more subject to ups and downs than other industries. But CTA has led the Hispanic high-tech field steadily for the past five years. Revenues in 1990 were just shy of $90 million and the company has more than 60 active contracts going.

CTA initially stood for a longer name—Computer Technology Associated—but that "was a bit limiting," says CEO and majority stockholder Tom Velez, "since in reality we became a small aerospace company." And now they plan to become a really big aerospace company, despite the current cutbacks in defense spending, which accounts for about 60 percent of CTA's revenue. Another 40 percent comes from the FAA, NASA, and other government agencies.

With a Ph.D. in applied mathematics from Georgetown University and a law degree from the University of Baltimore, Dr. Velez is hardly your typical high-tech nerd. In fact, this Bronx-born son of Ecuadorean immigrants became a musician at age five and later studied classical violin at the Manhattan and Julliard Schools of Music.

It was his competitive streak that sealed his fate. When as a teenager he lost out in a national competition, Dr. Velez says, "I remember thinking that I wasn't going to be the best violinist, and that's when I started getting into mathematics."

He became a programmer for NASA and then directed a 250-person software engineering section for Martin Marietta Aerospace in Denver before founding CTA. All along the way, he's been looking like the best.

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industry and apply either to employees or revenue.

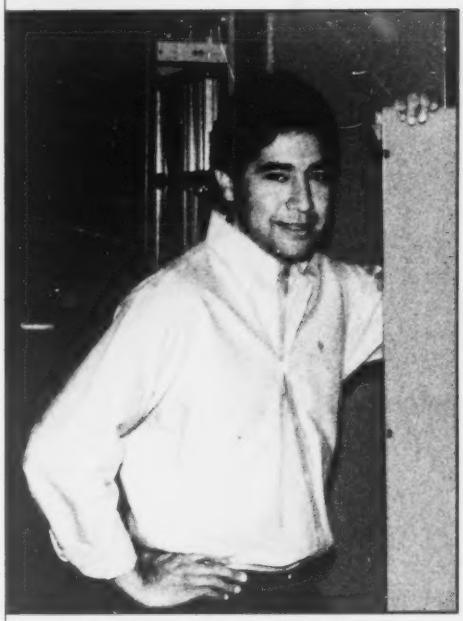
Peter J. Aguilar, CEO of Electrical Power Products Inc. in Santa Clara, California, is also unhappy with the SBA. "It's one of my great frustrations," he says. It took him a full year to regain 8(a) set-aside status after he took control when his father died.

Another area where the government can—in a sense—get out of the way is in providing tax credits for investment in R&D, says Celestino Beltran, CEO of Comprehensive Technologies International (CTI) in Chantilly, Virginia. "The government has to provide a financial incentive for this investment." Mr. Beltran speaks from experience. With annual revenues still under $20 million, CTI has spent close to $3 million in the past two years on R&D.

"This year we invested all of our profits in R&D," he explains. He gambled on his ability to predict where technology was going, and apparently made the right decision. Mr. Beltran's investment was in a standardized means of data transmission called electronic data interchange (EDI), which offered huge opportunities for improved transmission of business data such as health care claims.

Another big investor in R&D is Alejandro Salas, CEO of Craftsmen Corp. in Smithtown, New York. He says his company plowed back 21 percent of its revenues into research. While 68 percent of Craftsmen's revenues come from the Department of Defense, "we are trying to diversify into commercial work through R&D," he explains.

The problem with R&D investment, Mr. Innerbichler notes, is that it is costly and the payback is uncertain. "It's just too expensive for small companies



"America needs to get off its rear end" regarding education, says Peter Aguilar, CEO of Electrical Power Products in Santa Clara, California.

CEO Marline Monstein and Vice President Rick Monstein of RAM Enterprises in Valencia, California, show off the laser range finder/ designator they help McDonnell Douglas Astronautics Company make for the Army.

to emphasize R&D," he says. "Congress needs to look at providing a way to help us, either through tax incentives or through changing the formula so you can get R&D costs back." The Bush Administration does say it would like to see companies increase their emphasis on R&D spending, Mr. Innerbichler says.

A big part of the problem small high-tech companies say they have in mounting larger R&D efforts is that it's hard to get working capital. The savings and loan crisis hit small businesses particularly hard. Mr. Innerbichler says he knows this problem well, both as a small business owner and as chair of LAMA, where the issue "is a common thread."

That's especially important, says CTI's Mr. Beltran, because Japanese businesses have much greater access to the capital needed to convert ideas into products. The reason companies like his have made such great strides in software development in the past decade, he adds, is that "the PC is the great equalizer. With powerful but inexpensive desktop computers, we have been able to make up for the absence of capital," he points out.

Another problem, says ICDI's Mr. Villodas, is that even when capital is available, the country's publicly owned firms "are losing it because everybody wants a quick return on their investment." By contrast, he points out, even the publicly held Japanese firms are willing to wait patiently for a return on their investment.

The Japanese, inspired largely by the management principles of an American—Dr. W. Edwards

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Deming—long ago focused their manufacturing operations on high long term quality goals, rather than on the short term balance sheet, Mr. Villodas says. "Deming tried to tell us first," he adds, but Americans can still play the game. His own company, for example, has adopted many of the Deming methods, and each individual on the ICDI assembly line is responsible for quality.

In fact Ernest Camacho, CEO of Pacifica Services Inc. in Pasadena, California, says Dr. Deming's "total quality management" is the new buzzword that "everybody" is using now. "What Deming was stating way back then is very true," he observes.

"RAM Enterprises isn't just talking about total quality management, we've done it for the past two years," says owner Mr. Monstein. Possibly as a result, RAM won Northrop Corporation's "Supplier of the Year" award, was just nominated for the National Minority Supplier Development Council's "Minority Supplier of the Year Award," and is the main supplier now for Sikorsky Aviation.

CTA is also oriented to total quality management, says Dr. Velez. "We believe in continuous improvements in quality, always exceeding our customers' expectations."

But nobody's more passionate about quality than Gabriel Aguirre, chair of the U.S. Hispanic Chamber of Commerce and CEO of SaniServ Inc. in Indianapolis, a firm that's expanding from frozen food dispensing and surgical cooling apparatus into environmental monitoring devices. "America can be competitive with quality!" he insists. "There's still a market for goods made in America, and SaniServ is a proof of it, since 55 percent of our products go out of the country." His current thrust includes an attempt to acquire a company that makes high-tech devices for sensing loss of freon, a major pollutant.

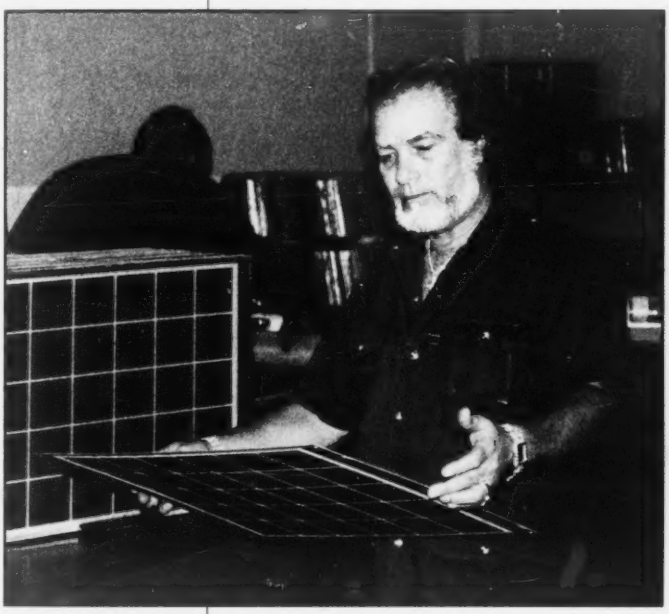

Photo by Sonny Mikrut

Robert Gonzalez, CEO of Quality Printed Circuits Corporation in Phoenix, inspects the quality of a printed circuit board.

Hernandez Engineering is literally a high-tech company. It works in outer space with NASA and other space agencies worldwide. Here CEO Miguel Hernandez poses with a model of the Space Station Freedom.

"What everybody forgets...is simple," Mr. Aguirre exclaims. "The work ethic we had in the '40s was to build the best there was. But what we did at the end of the war was to take that to the Japanese. Then we ourselves forgot the ethics that made us a great nation. In the '50s we became a complacent nation with an emphasis on the quality of life—which people define as leisure time. If quality doesn't come about in this country, the price we are going to pay is a lower standard of living."

The difficulty now, Mr. Aguirre goes on gravely, is that we have to change basic cultural values. A greater emphasis on quality "all starts in the home and with education." CTI's Mr. Beltran, like most of the high-tech CEOs, agrees: "The number one problem facing our country today is our lack of commitment to an educated citizenry."

But how to solve it? "It's simple, but difficult to execute," says technical consultant Ralph Montijo Jr. "We need serious improvement all the way from kindergarten through the 12th grade. Then we need to graduate a superior product at the degree levels

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to feed this country's high-tech R&D needs." Mr. Montijo's company, Omniplan Corp., is headquartered in Culver City, California with an office in Houston where he spends most of his time.

Being a consultant, he naturally has some suggestions. For example, while the U.S. Constitution does not give the federal government a role in education, "there's room for a technical merit scholarship program where federal funds could subsidize above average students to follow the high-tech career path." And Mr. Montijo is doing his part. Omniplan is now funding the education of seven computer science students in Houston area universities, and this month will expand the program to 30.

Like it or not, the high-tech sector obviously still feels pressed to do for itself what has been neglected in the national agenda. ☐

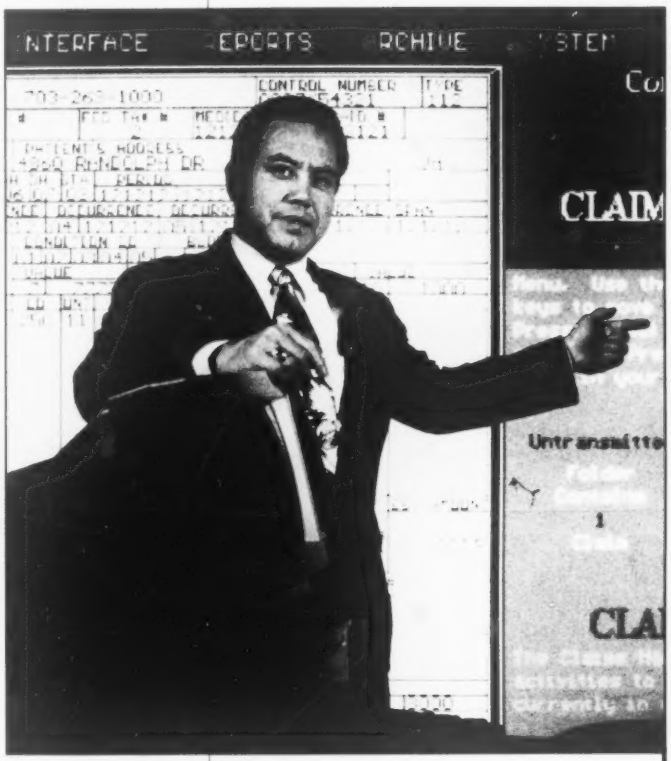

Photo by Frank Rad

Celestino Beltran, CEO of Comprehensive Technologies International in Chantilly, Virginia, believes that "our lack of commitment to an educated citizenry is the number 1 problem facing this country today."

Why Most U.S. Graduate Engineering Students Are Foreigners

High tech. We know it when we see it, but it's hard to define precisely. In identifying the top 50 U.S. Hispanic-owned high-tech companies this year, we used a definition supplied by Dr. Manuel Cereijo, professor of electrical engineering at Florida International University in Miami.

Dr. Cereijo says the best way to tell if a company is high tech is when the ratio of scientific and engineering personnel to nonscientific personnel is high. Of course, "high" varies from industry to industry, but it's a useful way of comparing firms within the same industry.

Simply put, high-tech companies need more scientists and engineers. If the company's work is labor intensive, it's probably not high tech.

Degrees in engineering and science also happen to be the highest paid, Dr. Cereijo points out. For example, the average student straight out of college with a bachelor's degree in engineering will begin at $32,000 to $33,000 a year. It's a great career opportunity, especially for Hispanics.

Then why is it that 56,000 of the 80,000 students now enrolled in U.S. graduate engineering programs are from foreign countries? That's 70 percent.

For starters, only 27 percent of all U.S. high schools even offer physics. "You have to decide in the seventh and eighth grades to take certain math and physics courses" to have a shot at such a career, Dr. Cereijo explains. But only one of every five high school grads has had physics. So it's no wonder the percent of college freshmen who are engineering majors is so low—just 8.5 percent. Five years ago it was 12 percent.

The percent of students studying engineering is much higher in Japan and Europe.

Even if the needed courses are available in high school, "students aren't properly advised," says Dr. Cereijo. "A lot of people think you need to be good with your hands to be a good engineer. That's not true. The main thing is if you like math and physics."

So—parents, schools, companies, politicians—isn't it time for us all to reinforce the front lines in this fight for technical survival and prosperity?

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Rank	Company	CEO	High-Tech Product/Service	No. Emps.	1990 Sales*
1	**CTA Inc., Rockville, MD**	C.E. (Tom) Velez	Aerospace/Defense Systems	904	$89.80
2	Colsa Inc., Huntsville, AL	Francisco J. Collazo	Systems & Software Engineering	500	84.31
3	**RJO Enterprises Inc., Lanham, MD**	Richard J. Otero	Information/Telecom. Systems	600	59.72
4	Pacifica Services Inc., Pasadena, CA	Ernest M. Camacho	Com./Navigation Equip. Repair	750	55.70
5	**Infotec Development Inc., Santa Ana, CA**	J. Fernando Niebla	High-Tech Engineering	550	52.16
6	Advanced Sciences Inc., Albuquerque, NM	Ed L. Romero	Engineering & Environmental R&D	420	38.72
7	**J.T. Slocomb Co., S. Glastonbury, CT**	E. John Gregory	Aircraft/Aerospace Components	395	36.17
8	Magnet Industrial Group Inc., Milford, CT	John Soto	Diverse High-Tech Manufacturing	250	32.00
9	**TAMSCO, Calverton, MD**	N.R. Innerbichler	Electronics/Telecom. Mfg.	504	31.60
10	National Systems & Research Co., Colo. Springs, CO	Celestino Archuleta	Information Systems Engineering	500	31.50
11	**Microretailing Inc., Miami, FL**	Francisco Victoria	Computer Network Design	55	26.00
12	Computer Dynamics Inc., Virginia Beach, VA	R. Alan Fuentes	Systems Integration & Engineering	450	25.37
13	**SaniServ Inc., Indianapolis, IN**	Gabriel E. Aguirre	Environmental Monitoring Systems	158	20.30
14	Washington Consulting Group (The), Washington, DC	Armando C. Chapelli Jr.	Systems Integ., Custom Software	250	20.10
15	**Comprehensive Technologies Int'l Inc., Chantilly, VA**	Celestino M. Beltran	Software Development	325	19.70
16	SRSA Inc., Arlington, VA	Ramon A. Alvarez	Aviation-Related Systems Design	350	17.09
17	**Omniplan Corp., Culver City, CA**	R.E. Montijo Jr.	Technical/Consultant Services	350	15.90
18	Gonzalez Design Engineering, Madison Hts., MI	R.J. Gonzalez	Robotic Manufacturing Systems	310	15.50
19	**Government Micro Resources Inc., Chantilly, VA**	Humberto Andres Pujals	Microcomputers	37	13.63
20	Hernandez Engineering Inc., Houston, TX	Miguel A. Hernandez Jr.	Spaceflight Eng. & Tech. Support	215	12.28
21	**H-R Industries Inc., Richardson, TX**	Paul R. Dickinson	Multilayer Circuit Board Mfg.	104	11.94
22	Rosas Computer Co. Inc., Corpus Christi, TX	Leo Rosas	Systems Design & Integration	70	11.70
23	**Lucero Computer Products, Idaho Falls, ID**	Yvonne R. Lucero	Network & Systems Design	20	10.27
24	Northbrook Computers Inc., Northbrook, IL	Carlos M. Frum	Network Design & Integration	30	10.00
25	**Touche Mfg. Inc., San Jose, CA**	Antonio Zertuche	Metal Computer Components	130	9.30
26	Scientech Inc., Idaho Falls, ID	Larry J. Ybarrondo	GAMMA Desitometer Instru.	136	8.65
27	**Sausedo Metal Products Inc., San Jose, CA**	Robert A. Sausedo	Telecom./Computer Components	104	8.50
28	Quality Printed Circuits Corp., Phoenix, AZ	Robert L. Gonzalez	Printed Circuit Boards	130	8.29
29	**Computer Resource Management Inc., Herndon, VA**	Ervin E. Torrez	Systems Engineering	170	8.22
30	Arcom Electronics Inc., San Jose, CA	Armando Garcia	Computer Components	25	8.15
31	**Pressure Systems Inc., Hampton, VA**	Douglas B. Juanarena	Pressure Sensing Instrumentation	85	7.98
32	Technical Telephone Systems Inc., Staten Island, NY	George Cruzado	Telephone & Video Systems Integ.	70	7.60
33	**Cordoba Corp., Los Angeles, CA**	George L. Pla	Systems Development	103	7.00
34	RAM Enterprises Inc., Valencia, CA	Marline Monstein	Aerospace & Telecom. Electronics	13	6.34
35	**Power Energy Industries, Carson, CA**	Ernest R. Schoop	Rectifiers and Power Supplies	60	6.13
36	Deneba Systems Inc., Miami, FL	Manuel E. Menendez	Software Development	42	6.12
37	**Hartec Enterprises Inc., El Paso, TX**	J. Anthony Ruiz	Aerospace Ground Support Equip.	35	6.05
38	Electrical Power Products Inc., Santa Clara, CA	Peter J. Aguilar	Custom Electrical Equipment	47	6.00
39	**Thermionics Laboratory Inc., Hayward, CA**	John J. Trujillo	Ultra/High Vacuum Products	65	6.00
40	Greenbar Corp., Thornton, CO	Gary Solis	Data Com. System Integration	19	5.00
41	**A/S/K Assoc. Inc., Lawrence, KS**	Kenneth Martinez	ADP System Design & Devel.	207	4.84
42	HJ Ford Associates Inc., Arlington, VA	Jorge Aldulin	High-Tech Enineering Services	61	4.50
43	**Orion Int'l Technologies Inc., Albuquerque, NM**	Miguel Rios Jr.	Engineering & Scientific Services	55	4.30
44	AVG Inc., Valencia, CA	Alvaro J. Villa	Robotic Equipment	75	4.11
45	**International Creative Data Industries, Bethel, CT**	Jack Villodas	High-Tech Communications Equip.	37	4.10
46	Ferco Tech Corporation, Franklin, OH	Guillermo G. Fernandez	Aircraft Engine Parts	75	3.97
47	**International Trading & Engineering, Miami, Fl**	Pablo J. Mila	High-Tech Equipment for Utilities	8	3.80
48	Alamo Technology Inc., San Antonio, TX	Doroteo Chavarria	Aircraft Engine Test Systems	60	3.79
49	**Craftsmen Corp., Smithtown, NY**	Alejandro Salas	Automatic Computer Test Equip.	46	3.02
50	Biomedical International Corp., Miami, FL	Juan R. Borges	Medical/Lab Equipment Services	9	3.00

*In millions of dollars. Hispanic Business Inc. Reprinting or copying all or part of this information requires written permission.

SBA Playing a Numbers Game?

Serious problems with SBA reporting on Hispanic contracts.

By Brian Wright O'Connor

For the past eight years, the National Association of Latino Elected Officials (NALEO) has petitioned the U.S. Small Business Administration for the dollar figures on federal 8(a) set-aside contracts with Hispanic businesses.

The SBA's latest figures for 1989 and 1990, released to NALEO in June, contradict the figures released in March by SBA officials. Specifically, the new revised numbers are much higher for both 1989 and 1990. Why the revision?

The June numbers would indicate that federal dollars to Hispanic 8(a) contractors jumped $339 million—31.5 *percent more*—from fiscal year 1989 to FY 1990, going from $1.082 billion to $1.422 billion. About $1.015 billion of this reportedly came from the Department of Defense. As NALEO notes, this 1990 number for Hispanics would represent 70 cents out of every $100 in contracts awarded by federal departments and agencies, "less than the equivalent of four days spending by the Department of Defense."

By contrast, the earlier SBA figures released in March indicated that Hispanic businesses did 33 *percent less* 8(a) business with the federal government in 1990 than the year before, down from $781 million to $526 million. More like 30 cents out of every $100. (See "Small Change From the SBA," May 1991.)

That's a discrepancy of $897 million in the two sets of figures for 1990, and a difference of $301 million in the two sets of 1989 numbers used to calculate growth.

It is intriguing to note that the SBA number for Hispanic contracts, only reported in June—$1.4 billion—is virtually the same as the number reported in March for four minority groups (African Americans, Hispanics, Minority Group Women, and Nonminority Group Women).

Rob Parral, senior research associate in NALEO's Washington, D.C. office, chalks up these statistical discrepancies to several factors.

To begin with, the government's sprawling bureaucracy poses logistical problems for number crunchers trying to gather figures in a timely fashion. With 19 separate agencies participating in the 8(a) program, data collectors must often wait six months after the September 30 conclusion of the federal fiscal year to get final 8(a) contract numbers.

Then there's the more delicate problem of motivation. Can bureaucrats be expected to compile data with the diligence that watchdogs like NALEO's Mr. Paral bring to the task? Despite repeated requests for comment, no SBA official was available to answer that question.

But, according to former SBA Administrator James Saunders, the answer is an emphatic "No!" "When I was there we had a very difficult time getting quick or accurate figures from the 8(a) department," says Mr. Saunders, whose four-year tenure at the SBA (1982-1986) ranks as the longest in recent history.

The SBA's spotty performance in record keeping is best illustrated by a NALEO study a few years back, when Mr. Paral discovered the Illinois region reporting *negative* contract numbers for Hispanic firms. Was the government taking money from contractors? No one seemed to know. "One of the problems," notes Mr. Paral, "is that there are relatively few people looking at Hispanic 8(a) contracting."

Recent reforms to the agency were designed to bring more professionalism to the 8(a) program. But concurrent budget cuts and continuing turnover at high agency levels have hampered such efforts to streamline the awards process and improve reporting methods.

Dr. Harry Pachon, NALEO's executive director, sees additional obstacles in the lack of uniform federal commitment to the 8(a) program. While several departments and agencies received high marks from NALEO for contracting efforts with Hispanic firms, others have remained mired at the bottom of the scale, receiving failing marks year after year.

"Among our recommendations was that the departments at the lower end of the scale ought to look at those at the top as models for improvement," explains Dr. Pachon. "We also should be receiving figures on a biannual basis rather than only once a year, and receiving reports from each individual agency. There needs to be more accountability."

1990 Hispanic 8(a) Contracts by Federal Department/Agency*

Department/ Agencies	Hispanic 8(a) % of Total Contracts	Amount $ Million
State	5.8%	$24.4
Interior	3.5	48.7
HUD	2.1	2.5
Transportation	2.0	62.5
Education	1.8	4.6
Health & HS	1.7	22.0
USIA	1.5	1.6
Commerce	1.5	8.6
AID	1.2	4.7
VA	1.0	28.2
FEMA	.8	1.6
Defense	.7	1,015.9
Agriculture	.7	19.7
Energy	.7	117.9
GSA	.5	6.4
Labor	.4	2.9
Treasury	.3	4.7
NASA	.2	25.2
Justice	.2	2.8
TOTAL FEDERAL	**.7%**	**$1,421.6**

Fiscal year Oct. to Oct. does not include contract modification amounts.

* Source SBA, General Services Administration, Federal Procurement Data Center, NALEO Background Paper #18.

NOTE

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